

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: THE JESSCHEX CORPORATION
DBA JESS CHEX FINANCIAL
2524 S. Central Ave.
Los Angeles, CA 90011

AMENDED
CITATIONS
AND
DESIST AND REFRAIN ORDER
(Pursuant to California Financial Code section 23058)

The California Corporations Commissioner finds that:

1. The Jesschex Corporation doing business as Jess Chex Financial, hereinafter (“Licensee”) is, and was at all relevant times herein, a corporation, with its principal place of business located at 2524 S. Central Ave., Los Angeles, CA 90011 (“Location 1”). Licensee has additional business locations as follows:

2514 E. 1st Street, Los Angeles, CA 90033 (“Location 2”).

7402 E. Florence Avenue, Downey, CA 90241 (“Location 3”).

2. On or about December 31, 2004, Licensee obtained a license from the California Corporations Commissioner (“Commissioner”) to engage in the business of deferred deposit transactions at Locations 1 and 2, subsequently obtaining a license for Location 3 on July 14, 2006.

3. An examination of Licensee conducted by the Commissioner on February 25, 2008 and a follow-up examination conducted on July 25, 2008 disclosed the following violations at Locations 1, 2 and 3.

Citation A - Location 1. Notice with the required disclosures was posted in conspicuous view of the public, but in letters less than ½ inch in height in violation of Financial Code section 23035 (d). Licensee was informed of the requirement to post the notice with the required disclosures in letters in at least ½ inch in height during the previous regulatory examination conducted on March 23, 2006.

Citation B – Location 2. Notice with the required disclosures was posted in conspicuous view of the public, but in letters less than ½ inch in height in violation of Financial Code section 23035 (d). Licensee was informed of the requirement of post the notice with the required disclosures in letters in at least ½ inch in height during the previous regulatory examination conducted on March 23, 2006.

Citation C – Location 3. Notice with the required disclosures was posted in conspicuous view of the public, but in letters less than ½ inch in height in violation of Financial Code section 23035 (d). Licensee was informed of the requirement of post the notice with the required disclosures in letters in at least ½ inch in height during the previous regulatory examination conducted on March 23, 2006

Citation D - Location 1. All deferred deposit transaction Agreements failed to contain the following disclosures:

- a. The customer cannot be prosecuted or threatened with prosecution to collect a deferred deposit transaction in violation of Financial Code section 23035 (e) (9).
- b. The licensee cannot accept collateral in connection with the deferred deposit transaction in violation of Financial Code section 23035 (e) (10).
- c. The licensee cannot make a deferred deposit transaction contingent on the purchase of another product or service.

Licensee was informed of this violation during the previous regulatory examination conducted on March 23, 2006.

Citation E - Location 2. All deferred deposit transaction Agreements failed to contain the following disclosures:

- a. The customer cannot be prosecuted or threatened with prosecution to collect a deferred deposit transaction in violation of Financial Code section 23035 (e) (9).
- b. The licensee cannot accept collateral in connection with the deferred deposit

transaction in violation of Financial Code section 23035 (e) (10).

- c. The licensee cannot make a deferred deposit transaction contingent on the purchase of another product or service.

Licensee was informed of this violation during the previous regulatory examination conducted on March 23, 2006.

Citation F - Location 3. All deferred deposit transaction Agreements failed to contain the following disclosures:

- a. The customer cannot be prosecuted or threatened with prosecution to collect a deferred deposit transaction in violation of Financial Code section 23035 (e) (9).
- b. The licensee cannot accept collateral in connection with the deferred deposit transaction in violation of Financial Code section 23035 (e) (10).
- c. The licensee cannot make a deferred deposit transaction contingent on the purchase of another product or service.

Licensee was informed of this violation during the previous regulatory examination conducted on March 23, 2006.

Citation G – Location 1. Failed to disclose correct Annual Percentage Rates in Agreements for all deferred deposit transactions except for those transactions with terms of 14 days and 30 days. Licensee was informed of this violation during the previous regulatory examination conducted on March 23, 2006.

Citation H – Location 2. Failed to disclose correct Annual Percentage Rates in Agreements for all deferred deposit transactions except for those transactions with terms of 14 days and 30 days. Licensee was informed of this violation during the previous regulatory examination conducted on March 23, 2006.

Citation I – Location 3. Failed to disclose correct Annual Percentage Rates in Agreements for all deferred deposit transactions except for those transactions with terms of 14 days and 30 days. Licensee was informed of this violation during the previous regulatory examination conducted on March 23, 2006.

Pursuant to California Financial Code section 23058, Licensee is hereby ordered to pay to the Commissioner an administrative penalty for Location 1, Location 2 and Location 3 in the total amount \$7,500 for the following Citations within 30 days from the date of these Citations.

Citation A. \$500

Citation B. \$500

Citation C. \$500

Citation D. \$1,000

Citation E. \$1,000

Citation F. \$1,000

Citation G. \$1,000

Citation H. \$1,000

Citation I. \$1,000

Pursuant to California Financial Code section 23050, Licensee is hereby ordered to desist and refrain from engaging in the business of deferred deposit transactions in the State of California in violation of the above referenced sections.

These Citations and Desist and Refrain Order are necessary, in the public interest, for the protection of consumers and is consistent with the purposes, policies and provisions of the California Deferred Deposit Transaction Law. These Citations and Desist and Refrain Order shall remain in full force and effect until further order of the Commissioner.

These Citations are separate from any further action that may include other administrative, civil or criminal remedies that the Commissioner may take based upon the violations of law cited herein or otherwise.

California Financial Code section 23058 provides, in relevant part:

(a) If, upon inspection, examination or investigation, based upon a complaint or otherwise, the department has cause to believe that a person is engaged in the business of deferred deposit transactions without a license, . . . the department may issue a citation to that person in writing, describing with particularity the basis of the citation. Each citation may contain . . . an assessment of an administrative penalty not to exceed two thousand five hundred

dollars (\$2,500)

. . .

(c) If within 30 days from the receipt of the citation of the person cited fails to notify the department that the person intends to request a hearing as described in subdivision (d), the citation shall be deemed final.

(d) Any hearing held under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code

California Financial Code section 23050 provides:

Whenever, in the opinion of the commissioner, any person is engaged in the business of deferred deposit transactions, as defined in this division, without a license from the commissioner, or any licensee is violating any provision of this division, the commissioner may order that person or licensee to desist and to refrain from engaging in the business or further violating this division. If, within 30 days, after the order is served, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded.

The request for a hearing may be made by delivering or mailing a written request to:

Steven Thompson
Special Administrator
California Deferred Deposit Transaction Law
Department of Corporations
320 West 4th Street, Ste. 750
Los Angeles, California 90013-2344
(213) 576-7610

Dated: September 11, 2008
Los Angeles, CA

PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
STEVEN C. THOMPSON
Special Administrator
California Deferred Deposit Transaction Law